

have no ability to overwhelm competitors in wireless; it bought the nation's largest cellular carrier for \$17 billion and has invested billions more for PCS licenses, investments that would not make sense if the incumbent LEC had a clear edge. See Kahn Aff. ¶¶ 55, 61; Gordon Aff. ¶ 38.⁸⁸

Information Services. When the Bell companies sought permission to offer information services in 1987, the district court credited competing information services providers' claims that Bell companies would "use their monopoly power to impede competition in the information services market." See United States v. Western Elec. Co., 673 F. Supp. 525, 565-67 (D.D.C. 1987) (citing comments of Dun & Bradstreet and Metscan), aff'd in part, rev'd in part, 900 F.2d 283 (D.C. Cir. 1990). After years of litigation, the Court of Appeals finally put those objections to rest in 1993. Western Elec. Co., 993 F.2d at 1582.

Far from showing signs of decreasing output that might be attributable to Bell company market power, the information services market has been one of the fastest growing segments of the U.S. economy. U.S. Commerce Dep't, Industrial Outlook 1994 25-1 (App. Vol. II, Tab 34). The Bell companies have contributed to this growth and to the offering of innovative services, such as voice messaging. See Bell Operating Co. Safeguards, 6 FCC Rcd 7571, 7619-21 & n.201, ¶¶ 102-104 (1991); Kahn Aff. ¶ 57 (voice messaging). Yet Bell companies have small market shares and are hardly invincible competitors. Kahn Aff. ¶ 57.

⁸⁸. Paging markets, which also involve local interconnection of the sort used by interexchange carriers, show the same absence of any Bell company domination. Kahn Aff. ¶ 56.

3. *The Act's Local Competition Provisions Ensure Against Anticompetitive Effects in Interexchange Markets.*

Regulatory safeguards and market realities thus have effectively ensured that Bell company entry into adjacent markets promotes, rather than inhibits, competition. As described above, the 1996 Act's safeguards provide additional protection against anticompetitive conduct. But the 1996 Act goes even further. It eliminates the core rationale behind keeping the Bell companies out of interLATA services by opening the local exchange to competitive entry.

Legal barriers to local entry have been eliminated. 47 U.S.C. § 253(a). Congress also lowered economic barriers through the interconnection, unbundling, and resale requirements of sections 251 and 252 and the checklist of section 271(c), with which SWBT has complied. These sections of the Act, the Commission has explained, mandate not just removal of "the most significant economic impediments to efficient entry into the [formerly] monopolized local market," but also elimination of operational obstacles through number portability, dialing parity, and access to rights of way. Local Interconnection Order ¶¶ 11, 16-18. As the U.S. Court of Appeals for the Eighth Circuit concluded, "[t]he Act effectively opens up local markets."⁸⁹

The interconnection and unbundling provided for in SWBT's Statement and interconnection agreements assure that entry into SWBT's local markets in Oklahoma is viable. As Dr. Gordon explains, competitors no longer must make huge and potentially unrecoverable network investments to provide local services. Gordon Aff. ¶ 37. They can enter the local exchange as pure resellers of SWBT services. Or, to take advantage of new technologies,

⁸⁹. Order Granting Stay Pending Judicial Review, Iowa Utilities Bd. v. FCC, No. 96-3321, slip op. at 9 (Oct. 15, 1996).

specialized expertise, or other efficiencies, competitors can self-provide some network elements or services and use only the particular SWBT (or other third-party) facilities and services that they need. Id. ¶ 37. Of course, competitors also retain the option of building a stand-alone network of their own.

Marketplace developments confirm that interexchange carriers in Oklahoma will have options if they are dissatisfied with the price or quality of SWBT's access services. Oklahoma was the first state to adopt rules for local service competition after enactment of the 1996 Act. Stafford Aff. ¶ 5. Since February 8, 1996, 23 companies have applied for certificates of public interest, convenience, and necessity to provide local exchange service and the Oklahoma Corporation Commission has granted 11 applications. Id. ¶¶ 5, 11-14. SWBT has received 45 requests for local interconnection and/or resale in Oklahoma, and already has signed 16 agreements with CLECs, 6 of which have been approved by the OCC. Id. ¶ 13-14. Five of SWBT's signed agreements provide interconnection and access for the CLECs' facilities-based service. Id. ¶ 14-15.

Moreover, the most formidable possible competitors, the incumbent interexchange carriers, are entering the local business in Oklahoma. Sprint, for instance, received a certificate of convenience and necessity to provide local services on August 30, 1996, id. ¶ 11, and executed its comprehensive interconnection agreement with SWBT on February 10, 1997. AT&T likewise has received a certificate to provide local services from the OCC. Id. ¶ 11. AT&T's Chairman has stated that "AT&T is going into the local service market with everything we've got," and the company expects to have one-third of the local telephone market on a national

basis "within several years."⁹⁰ SWBT currently is negotiating with AT&T to implement the terms of the AT&T arbitration decision. Zamora Aff. ¶ 28.

A variety of alternative networks already are in place in Tulsa and Oklahoma City, cities that together account for approximately 55 percent of SWBT's business and residential local exchange service revenues in Oklahoma. Wheeler Aff. ¶ 6 & Sched. 1. Brooks Fiber alone owns local networks that include 221 route miles of fiber in Tulsa, 44 miles of fiber in Oklahoma City, and two Lucent 5ESS central office switches. Brooks Fiber OCC Comments at 2; see Wheeler Aff. ¶¶ 7, 14. These networks are well-positioned to compete with SWBT, particularly in providing profitable business services. In Tulsa, for example, approximately 56 percent of SWBT's Tulsa business lines are within 1000 feet of the Brooks Fiber network. Montgomery Aff. ¶ 8. When the Brooks Fiber network is combined with ACSI's competitive network in Tulsa, they run within 500 feet of almost half of SWBT's Tulsa business lines and within 1000 feet of more than half of those SWBT lines. Id. ¶ 8. TCI is deploying its own \$50 million fiber network in Tulsa, reportedly designed to support traditional telephony, high-speed data service, and home security along with video programming. Wheeler Aff. ¶ 16.

In Oklahoma City, about 41 percent of SWBT's business lines are within 1000 feet of Brooks Fiber's network. In addition, Cox Communications has a network throughout the Oklahoma City metropolitan area. Cox has completed a 450-mile fiber upgrade to make the network capable of providing two-way transmissions, and it intends to provide facilities-based

⁹⁰. John J. Keller, AT&T Challenges the Bell Companies: Allen Outlines Plans to Take Big Part of Local Market over Next Several Years, Wall Street Journal, June 12, 1996 (App. Vol. II, Tab 35).

local telephone service.⁹¹ Approximately 57 percent of SWBT's Oklahoma City business lines are within 1000 feet of either Cox's network or Brooks Fiber's. Montgomery Aff. ¶ 12.

Competitors' networks also are well positioned to serve residential customers in Oklahoma. About 27 percent of SWBT's residential lines in Tulsa are located within 1000 feet of Brooks Fiber's network. Id. ¶ 9. In Oklahoma City, Cox's network currently passes "over 95%" of residential households. Cox OCC Reply Comments at 1.

Other fiber networks are in place or under construction in Oklahoma. See Wheeler Aff. ¶¶ 11-13, 17-18. Nor is competition in the local exchange limited to wireline service. Wireless providers are expanding their facilities and offerings. In addition to existing cellular services' expanding subscribership, there are two personal communication services ("PCS") networks under construction in Oklahoma City, including one being installed by Sprint Spectrum. Wheeler Aff. ¶ 13. Sprint Spectrum also is constructing PCS facilities in Tulsa. Id. Aff. ¶ 18. For its part, AT&T recently announced a new wireless system that would link customers directly to its network. This system reportedly will be used to "give AT&T lightening-fast entry into the local phone business" in those markets it chooses to target.⁹² Such systems provide additional competitive opportunities — as Congress recognized by including non-cellular wireless providers among the range of CLECs whose entry may speed Bell company interLATA entry under subsection 271(c)(1)(A).

⁹¹. Wheeler Aff. ¶ 9; Reply Comments of Cox Communications Oklahoma City, Inc. at 1 (OCC filed Mar. 25, 1997) ("Cox OCC Reply Comments") (App. Vol. IV, Tab. 29).

⁹². John J. Keller, AT&T Unveils New Wireless System Linking Home Phones to Its Network, The Wall Street Journal, Feb. 26, 1997, at B4.

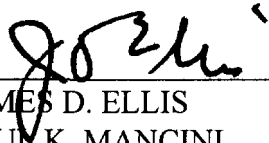
With the spread of local competition in Oklahoma, discrimination and cost-shifting designed to favor affiliated interexchange operations will become economically irrational. Customers who are dissatisfied with the quality or price of their local service connection will simply switch to another carrier, leaving SWBT with lower local revenues and without any conceivable way to favor its interexchange operations. See Gordon Aff. ¶¶ 35-40.

Southwestern Bell, April 11, 1997, Oklahoma

CONCLUSION


Southwestern Bell has satisfied all statutory prerequisites to provide interexchange services in Oklahoma. Such service would be consistent with the public interest, convenience, and necessity. The application should be granted.

Respectfully submitted,



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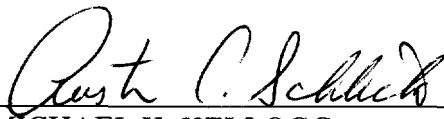
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April 11, 1997

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
)
Application by SBC Communications Inc.,)
Southwestern Bell Telephone)
Company, and Southwestern Bell) CC Docket No. _____
Communications Services, Inc.)
d/b/a/ Southwestern Bell Long)
Distance for Provision of In-Region,)
InterLATA Services in Oklahoma)

**DECLARATION OF PAUL K. MANCINI AND
ANTI-DRUG ABUSE ACT CERTIFICATION OF
SBC COMMUNICATIONS INC.**

1. I, Paul K. Mancini, am Senior Attorney of SBC Communications Inc. I am authorized to make this declaration and certification on behalf of SBC Communications Inc.

2. I have reviewed the foregoing Brief in Support of Application by SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Long Distance for Provision of In-region, InterLATA Services in Oklahoma, and the materials filed in support of thereof (collectively, the "Application").

3. The information contained in the Application has been provided by persons with knowledge thereof. All information supplied in the application is true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.

4. I certify on behalf of SBC Communications Inc., as a corporation, that no party to the Application is subject to a denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 853a.

I declare under penalty of perjury that the foregoing is true and correct, executed on April
11, 1997.

Paul K. Mancini
Paul K. Mancini

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
)
Application by SBC)
Communications Inc.,)
Southwestern Bell)
Telephone Company,) CC Docket No. ____
and Southwestern Bell)
Communications Services,)
Inc. D/b/a/ Southwestern)
Bell Long Distance for)
Provision of In-Region,)
InterLATA Services in)
Oklahoma)

**DECLARATION OF DURWARD D. DUPRE AND
ANTI-DRUG ABUSE ACT CERTIFICATION OF
SOUTHWESTERN BELL TELEPHONE COMPANY**

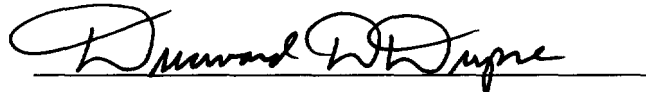
1. I, Durward D. Dupre, am Vice President and Associate General Counsel-Federal External Affairs of Southwestern Bell Telephone Company. I am authorized to make this declaration and certification on behalf of Southwestern Bell Telephone Company.

2. I have reviewed the foregoing Brief in Support of Application by SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Long Distance for Provision of In-region, InterLATA Services in Oklahoma, and the materials filed in support of thereof (collectively, the "Application").

3. The information contained in the Application has been provided by persons with knowledge thereof. All information supplied in the application is true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.

4. I certify on behalf of Southwestern Bell Telephone Company, as a corporation, that no party to the Application is subject to a denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 853a.

I declare under penalty of perjury that the foregoing is true and correct, executed on April 10, 1997.

A handwritten signature in cursive script, reading "Durward D. Dupre", is written over a horizontal line.

DURWARD D. DUPRE

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the matter of Application of SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc., d/b/a Southwestern Bell Long Distance for Provision of In-Region, InterLATA Services in Oklahoma	CC Docket No. _____
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DECLARATION OF TIMOTHY P. LEAHY AND
ANTI-DRUG ABUSE ACT CERTIFICATION OF
SOUTHWESTERN BELL LONG DISTANCE

1. I, Timothy P. Leahy, am Attorney and Secretary of Southwestern Bell Long Distance ("SBLD"). I am authorized to make this declaration and certification on behalf of SBLD.

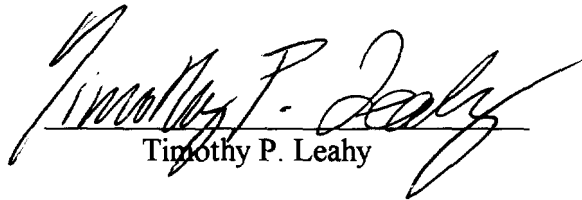
2. I have reviewed the foregoing Brief in Support of Application by SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Long Distance for Provision of In-region, InterLATA Services in Oklahoma, and the materials filed in support of thereof (collectively, the "Application").

3. The information contained in the Application has been provided by persons with knowledge thereof. All information supplied in the Application is true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.

4. I certify on behalf of SBLD, as a corporation, that no party to the Application is

subject to a denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of
1988, 21 U.S.C. § 853a.

I declare under penalty of perjury that the foregoing is true and correct. Executed on April
9, 1997.


Timothy P. Leahy